



Virginia Retirement System Overview House Joint Resolution 34

July 20, 2004



Article X, § 11, CONSTITUTION OF VIRGINIA

- The General Assembly shall maintain a retirement system for state employees and employees of participating political subdivisions and school divisions. The funds of the retirement system shall be segregated from all other funds of the Commonwealth, and shall be invested and administered solely in the interests of the members and beneficiaries thereof. Neither the General Assembly nor any public officer, employee, or agency shall use or authorize the use of such trust funds for any purpose other than as provided in law for benefits, refunds, and administrative expenses, including, but not limited to legislative oversight of the retirement system. Such trust funds shall be invested as authorized by law. Retirement system benefits shall be funded using methods which are consistent with generally accepted actuarial principles. The retirement system shall be subject to restrictions, terms, and conditions as may be prescribed by the General Assembly.



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VRS Overview

- VRS is the 30th largest public or private pension system in the U.S.
- The 47th largest internationally
- Over 520,000 members, retirees and beneficiaries

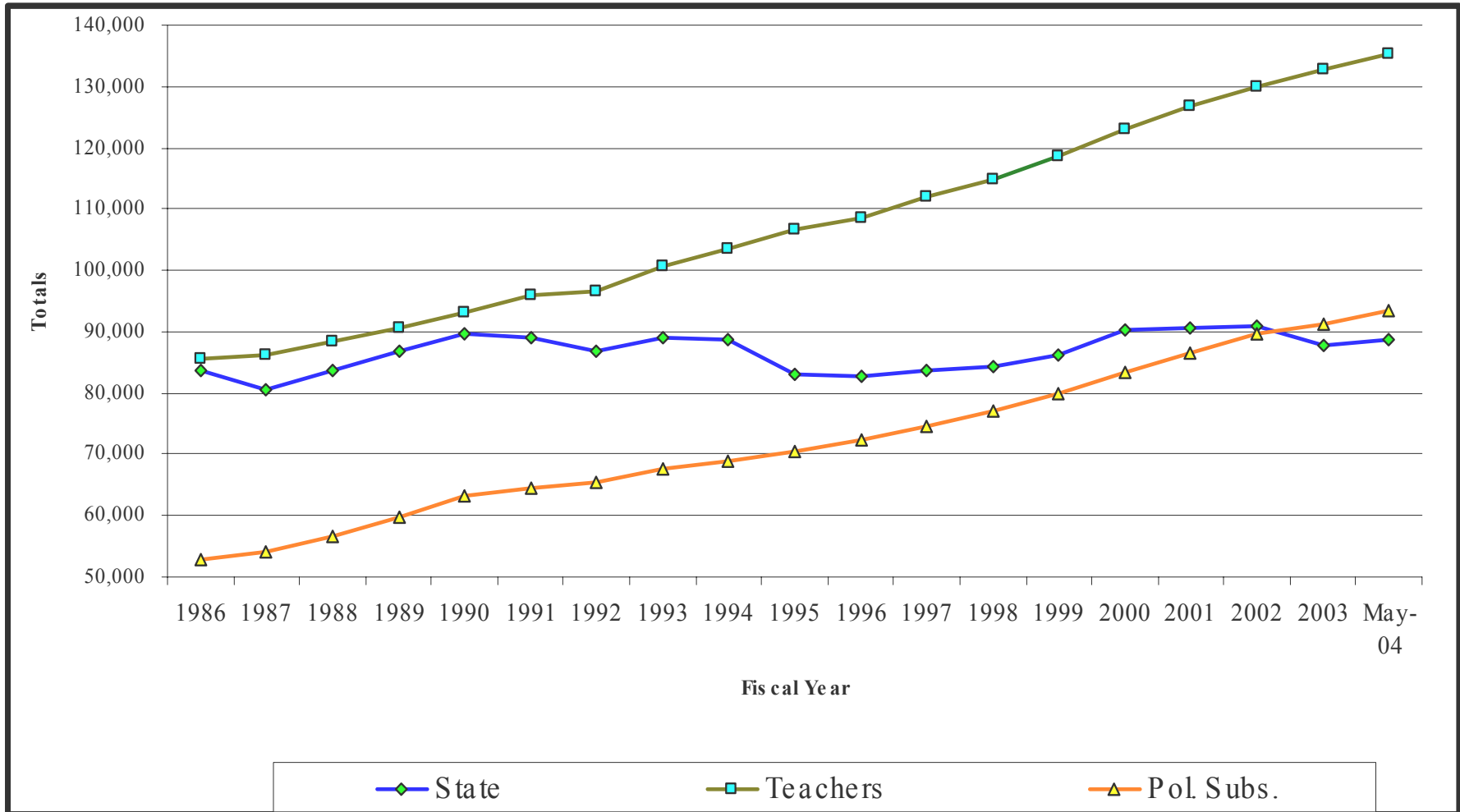


VRS Total Membership

State Employees	76,889
Teachers	135,340
Political Subdivisions	93,388
State Police Officers' Retirement System (SPORS)	1,757
Judicial Retirement System (JRS)	398
Virginia Law Officers' Retirement System (VaLORS)	9,571
Total	317,343
Retiree/Beneficiaries	113,569
Inactive/Deferred Members	89,965
VRS Overall Impact	520,877



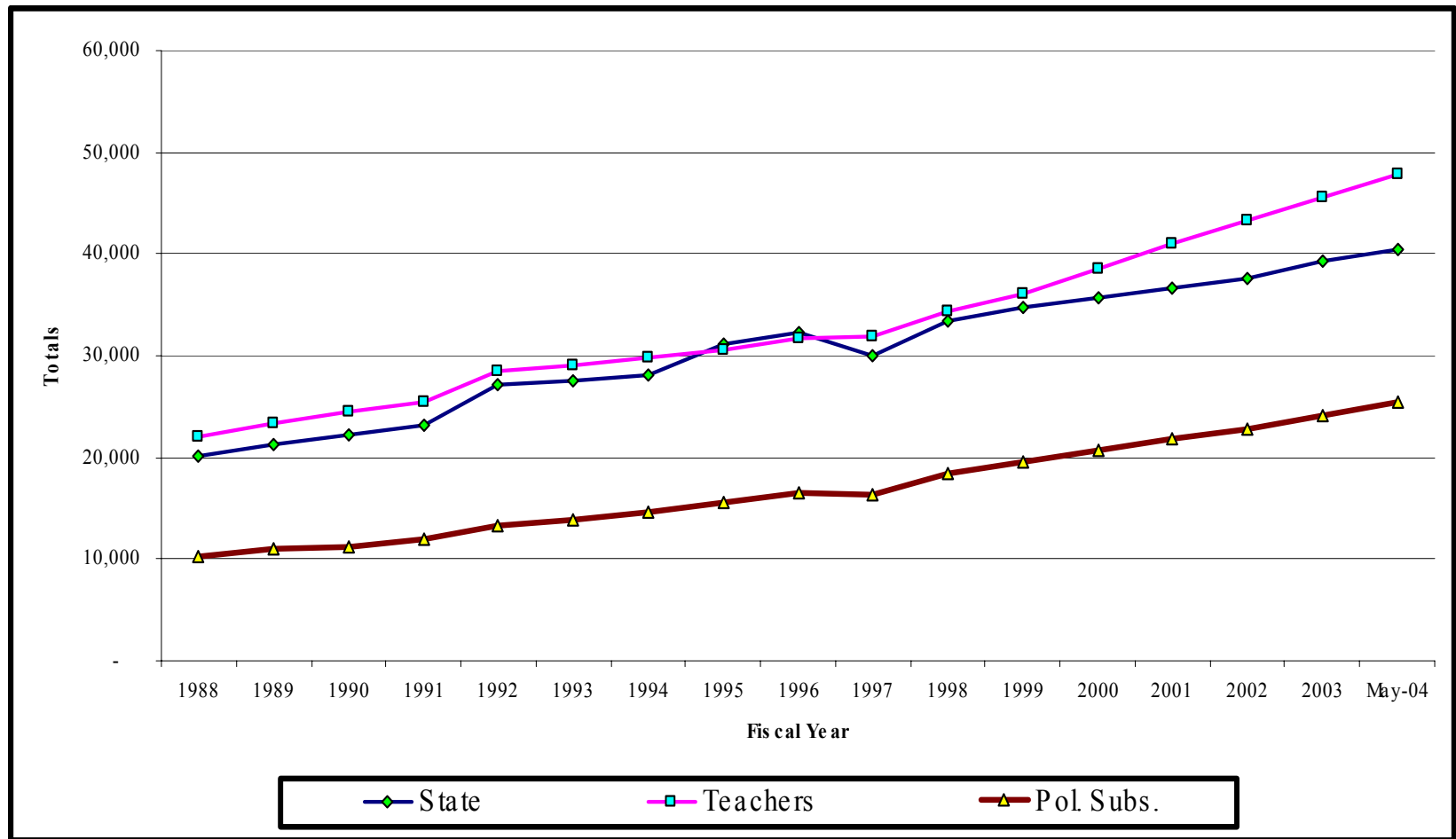
VRS Membership





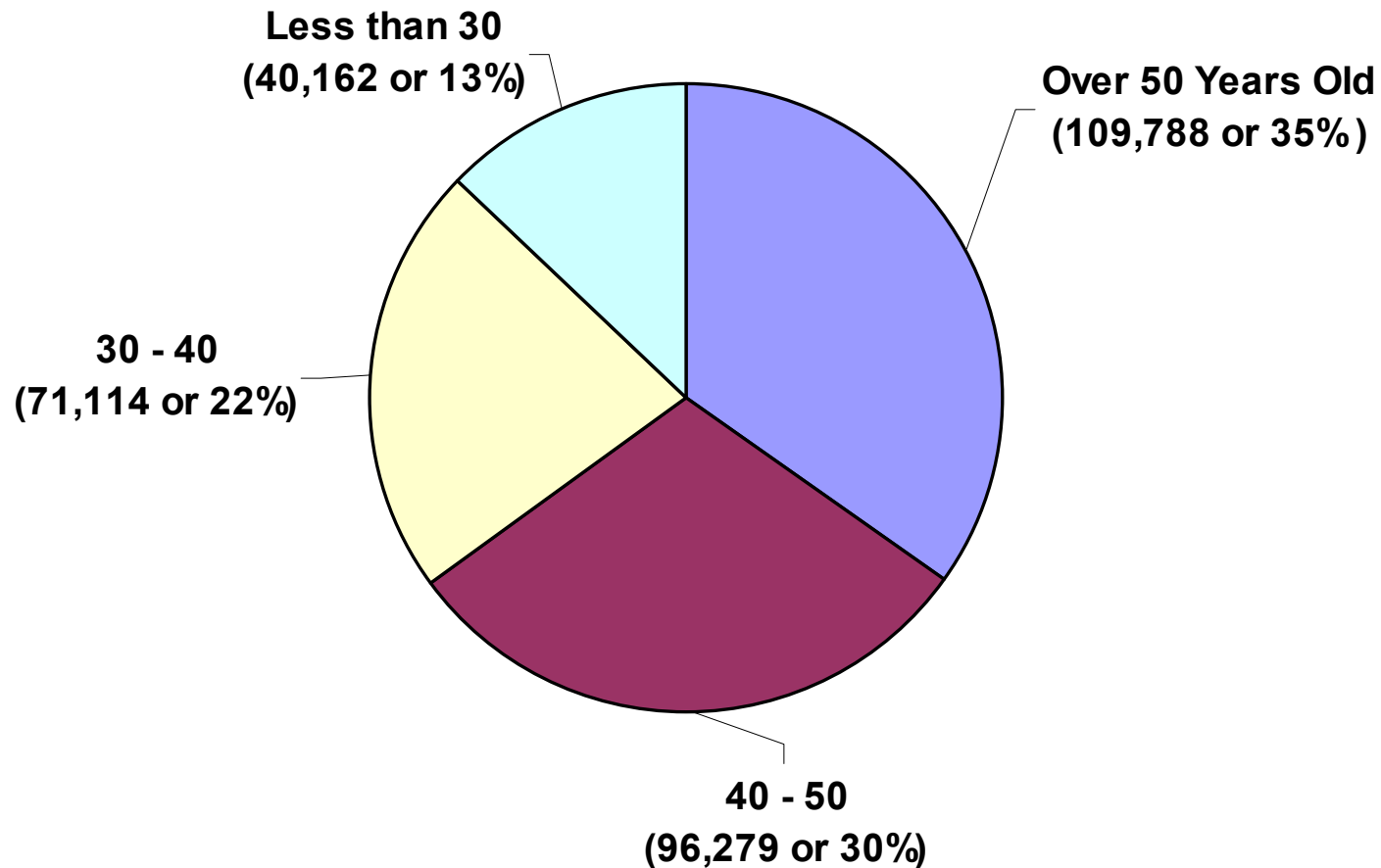
VRS Overview

VRS Retirees





Age Categories of Active Members





Benefits Administered by the VRS

- Virginia Retirement System (VRS)
 - State employees, teachers, employees of political subdivisions
- Virginia Law Officers' Retirement System (VaLORS)
 - Certain designated state law enforcement officers
- State Police Officers' Retirement System (SPORS)
 - State troopers
- Judicial Retirement System (JRS)
 - State judges and Commissioners of the State Corporation Commission and the Virginia Workers' Compensation Commission



Special Benefits for Local Law Enforcement Officers and Firefighters

LEOS/FIRE

- VRS participants with benefits equivalent to SPORS
- All sheriffs have LEOS coverage, but not deputies
- Local option for police, including deputy sheriffs, and firefighters, and for regional jail officers and superintendents



Benefits Administered by the VRS

- Group Life Insurance Program
 - State employees, teachers and employees of participating political subdivisions (includes Optional Life Insurance Program)
- Health Insurance Premium Credit
 - State employees, teachers, constitutional officers and local social service employees and employees of participating political subdivisions



Benefits Administered by the VRS

- Virginia Sickness and Disability Program (VSDP)
 - All state employees except judges, teaching, research and administrative faculty at some institutions of higher education (includes long-term care insurance)
- State Deferred Compensation Program
 - All state employees and employees of participating political subdivisions
- Optional Retirement Plan for Higher Education
 - Teaching, research and administrative faculty



Benefits Administered by the VRS

- Optional Retirement Plan for Political Appointees
 - Certain state employees appointed by the Governor, Lieutenant Governor or Attorney General
- Optional Retirement Plan for School Superintendents
 - School superintendents
- Virginia Supplemental Retirement Plan
 - Certain public school employees designated as “Turnaround Specialists” or “Middle School Corps”



Retirement Eligibility

Retirement Plan	Reduced Retirement	Unreduced Retirement
VRS	Age 55 with 5 years Age 50 with 10 years	Age 50 with 30 years Age 65 with 5 years
VaLORS	Age 50 with 5 years	Age 50 with 25 years Age 60 with 5 years
SPORS	Age 50 with 5 years	Age 50 with 25 years Age 60 with 5 years
JRS	Age 55 with 5 years	Age 60 with 30 years Age 65 with 5 years



Retirement Benefit Formula

Retirement Plan	Benefit Formula	
VRS	$1.7\% \times AFC \times SVC$	Some law enforcement and fire have SPORS equivalent benefits
VaLORS	$2.0\% \times AFC \times SVC$	Some members grandfathered under SPORS equivalent benefits
SPORS	$1.7\% \times AFC \times SVC$	Supplement of \$851 a month until eligible for unreduced SS benefit
JRS	$1.7\% \times AFC \times SVC$	Service weighted by 2.5 or 3.5



Group Life Insurance Benefits

- Two times salary rounded to the next thousand for natural death
- Additional two times salary rounded to the next thousand for accidental death
- Additional benefit for felonious assault
- Additional benefit if accidental death while wearing seat belt



Group Life Insurance Benefits

- Repatriation benefit
- Dismemberment benefit
- Optional life insurance for members and dependents is available
- After retirement, group life insurance benefits reduced by 25% per year until the benefit equals 25% of face amount at retirement



Health Insurance Credit

- Member must have at least 15 years of service to qualify
- State employees receive \$4 per year of service per month up to \$120 per month
- Constitutional officers and their employees and employees of local social service offices receive \$1.50 per year of service per month up to \$45 per month at state expense with a local option to pay an additional \$1.50 per year of service per month up to \$30 per month



Health Insurance Credit

- Teachers receive \$2.50 per year of service per month up to \$75 at state expense with local option to pay an additional \$1.50 per year of service per month up to \$45 per month
- Local option to provide credit of \$1.50 per year of service per month up to \$45 for employees of political subdivisions



Virginia Sickness and Disability Program

- Required for new state employees
- Some state employees grandfathered under previous sick leave and disability retirement provisions
- Short-term disability benefit for 180 days ranging from 100% to 60% of pay

Virginia Sickness and Disability Program



- Long-term disability benefit after 180 days of 60% of pay until age 65
- Sick leave for periods of non-disability
- Long-term care benefits
- Return-to-work incentives
- Provides for catastrophic/chronic conditions

Inflation Protection



- Retirement benefits payable under all of the defined benefit retirement plans (VRS, VaLORS, SPORS, and JRS) are adjusted annually based upon increases in the Consumer Price Index
- Long-term disability benefits payable under VSDP adjusted annually based upon increases the Consumer Price Index
- SPORS/LEOS/FIRE supplement adjusted every two years based upon increases in Social Security benefits



Line of Duty Benefits

- Disability from a cause compensable under the Workers' Compensation Act (Non-VSDP)
 - Enhanced disability retirement benefit
 - Unreduced life insurance until age 65
 - Refund of contributions and interest
 - Health insurance at state expense for dependents (administered by DHRM) if in a public safety position



Line of Duty Benefits

- Disability from a cause compensable under the Workers' Compensation Act (VSDP)
 - Enhanced short-term disability benefit
 - Unreduced life insurance until age 65
 - Health insurance at state expense for dependents (administered by DHRM) if in a public safety position



Line of Duty Benefits

- Death from a cause compensable under the Workers' Compensation Act
 - Enhanced retirement benefit for survivor
 - Refund of contributions and interest
 - Lump sum payment to survivor if in a public safety position (Administered by the DOA)
 - Health insurance at state expense for dependents (administered by DHRM) if in a public safety position
 - Additional insurance if resulting from a felonious assault or an accident



Fund Performance

- Market value of the fund's assets as of March 31, 2004, was \$40.1 billion
- VRS' investment returns have improved since the last report, but fell short in the three- and five-year periods of the current actuarial assumed investment return of 8 percent.

One-Year Return	Three-Year Return	Five-Year Return	Ten-Year Return
31.1%	4.9%	4.8%	10.3%



Contribution Rates

Current employer contribution rates versus contribution rates certified by the VRS Board of Trustees:

State Employees

	VRS Board Certified Rates	Appropriations Act
Retirement	3.89%	3.91%
Health Insurance Credit	1.19%	1.04%
VSDP	1.59%	1.65%
Group Life Insurance	1.14%	-0-



Contribution Rates

Current employer contribution rates versus contribution rates certified by the VRS Board of Trustees:

Teachers

	VRS Board Certified Rates	Appropriations Act
Retirement	8.10%	6.03% in FY '05 6.62% in FY '06
Health Insurance Credit	0.59%	0.55%
Group Life Insurance	1.14%	-0-



Contribution Rates

Current employer contribution rates versus contribution rates certified by the VRS Board of Trustees:

VaLORS

	VRS Board Certified Rates	Appropriations Act
Retirement	25.00%	16.99%
Health Insurance Credit	1.19%	1.04%
VSDP	2.11%	1.65%
Group Life Insurance	1.14%	-0-



Contribution Rates

Current employer contribution rates versus contribution rates certified by the VRS Board of Trustees:

SPORS

	VRS Board Certified Rates	Appropriations Act
Retirement	25.00%	16.49%
Health Insurance Credit	1.19%	1.04%
VSDP	2.11%	1.65%
Group Life Insurance	1.14%	-0-



Contribution Rates

Current employer contribution rates versus contribution rates certified by the VRS Board of Trustees:

JRS

	VRS Board Certified Rates	Appropriations Act
Retirement	45.00%	30.55%
Health Insurance Credit	1.19%	1.04%
Group Life Insurance	1.14%	-0-



Virginia Retirement System

